

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW MEXICO**

ZAXCOM, INC.,

Plaintiff,

v.

No. 1:19-cv-0109 RB-KBM

LECTROSONICS, INC.,

Defendant.

MEMORANDUM OPINION AND ORDER

THIS MATTER comes before the Court on Plaintiff's Motion to Stay Action Pending *Inter Partes* Review of the Asserted Patents, filed on April 3, 2019. (Doc. 68.) While Defendant Lectrosonics, Inc. initially opposed the motion (*see id.* at 1¹), Defendant has since filed a Notice indicating that it consents to the motion (*see* Doc. 70).

Plaintiff designs and manufactures "professional audio equipment for the television and film industries" (Doc. 33 (Am. Compl.) ¶ 73.) Plaintiff owns three patents (the "Patents-in-Suit") for the "Virtual Wireless Multitrack Recording System," which are the subject of this patent infringement lawsuit. (*Id.* ¶¶ 74–78.) "The Patents-in-Suit are directed generally to systems and methods for wireless recording of multi-track audio files without the data corruption or loss of data that typically occurs with wireless data transmission." (*Id.* ¶ 79.) Defendant "manufactures, promotes and sells throughout the United States and the world wireless systems and audio processing products, including" a product called the Portable Digital Audio Record (PDR) and related accessories. (*See id.* ¶¶ 4, 80.) Plaintiff asserts that Defendant markets its "products, and specifically the PDR and related accessories, to directly compete with [Plaintiff's] products" (*Id.* ¶ 80.) Plaintiff asserts that Defendant has infringed on one or more of the Patents-in-Suit with the manufacture and sale of its own "electronic audio equipment, including the PDR and related accessories." (*Id.* ¶ 82.)

¹ The Court uses the document's internal pagination, rather than the CM/ECF numbering.

In 2018, Defendant filed three petitions with the U.S. Patent and Trademark Office for *inter partes* review (IPR) by the Patent Trial and Appeal Board (PTAB). (Doc. 68 at 4.) “The purpose of *inter partes* review is to create a more efficient, cost-effective alternative to litigation.” *Dentsply Sirona, Inc. v. Edge Endo, LLC*, No. 1:17-cv-01041 WJ/SCY, 2018 WL 4773369, at *1 (D.N.M. Oct. 3, 2018) (citation omitted). The PTAB has instituted all three IPRs, and final written decisions are expected in January 2020. (Doc. 68 at 4.)

To determine whether to stay a case pending *inter partes* review, district courts typically consider, ‘(1) whether discovery is complete and whether a trial date has been set; (2) whether a stay will simplify the issues in question and trial of the case; and (3) whether a stay would unduly prejudice or present a clear tactical disadvantage to the nonmoving party.

Dentsply Sirona, 2018 WL 4773369, at *1 (quoting *Digital Ally, Inc. v. Taser Int’l, Inc.*, No. 16-cv-2032-CM-TJJ, 2017 WL 1048351, at *2 (D. Kan. Mar. 20, 2017) (subsequent citation omitted)). Here, while this case has been pending since April 2017, the parties have not yet begun discovery because venue has changed twice. (See Doc. 70 at 1.) The Court has not set a trial date. The first factor favors a stay.

The Court agrees with Plaintiff that a stay may also simplify the issues, as the PTAB’s decisions may narrow or cancel one or more of the claims. (See Doc. 68 at 8–9.) “Estoppel may also apply.” *Dentsply Sirona*, 2018 WL 4773369, at *2 (citation omitted). The second factor favors a stay. Finally, Defendant does not assert that a stay will cause undue prejudice or create tactical disadvantages. (See Doc. 70.) Thus, the third factor also favors a stay.

Because the motion is unopposed and the applicable standard favors staying this matter pending decisions from the PTAB, the Court finds that Plaintiff’s motion is well-taken and will be **GRANTED** and this matter will be **STAYED** pending *inter partes* review.

THEREFORE,

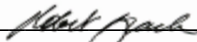
IT IS ORDERED that Plaintiff’s Motion to Stay Action Pending *Inter Partes* Review of the Asserted Patents (Doc. 68) is **GRANTED**;

IT IS FURTHER ORDERED that this case and all deadlines herein are **STAYED** pending resolution of the *inter partes* review proceedings;

IT IS FURTHER ORDERED that the parties are directed to file a joint status report, or motion to lift stay, if appropriate, at the completion of the *inter partes* review proceedings;

IT IS FURTHER ORDERED that Plaintiff's Motion to Dismiss Defendant's Counterclaims and to Strike Defendant's Affirmative Defenses (Doc. 69) is hereby **DISMISSED WITHOUT PREJUDICE**. Plaintiff is granted leave to renew the motion, if appropriate, after the stay is lifted.

IT IS SO ORDERED.



ROBERT C. BRACK
SENIOR U.S. DISTRICT JUDGE